

What you need to know about Generic pricing



If your plan includes generic pricing, it means your plan has adopted a cost-effective approach that encourages the use of equally effective drugs that are more affordable.

- If a brand-name drug is dispensed, it will be reimbursed at the cost of the lowest cost generic equivalent. This saves your plan money, helping to keep it affordable into the future.
- If a generic drug is dispensed, even if it is not the lowest priced generic version available, the drug cost will be eligible (up to the plan's mark-up limit).

Brand and generic drugs: What's the difference?

Generic drugs are copies of brand-name drugs. They are just as safe, are equal in quality, and usually much lower in cost than brand-name drugs.

Choosing generic drugs means you can keep money in your pocket while helping control the cost of your extended health plan.

How it works

Pacific Blue Cross has developed a list of medications where brands no longer have marketing exclusivity and equivalent generic versions of the same drugs are available. These brand drugs are called multi-source brands because now there are multiple manufacturers allowed to produce the drugs. Based on available pricing data, we set a benchmark price for each drug that is eligible under your plan.

Generic pricing covers the full ingredient cost of generic drugs and up to the plan's allowed mark-up. When a multi-source brand drug is dispensed, the plan covers up to the cost of the lowest cost generic equivalent.

Although the generic drug has the same active ingredient, the non-medicinal ingredient such as fillers and preservatives can be different. In a very small number of cases, the patient may have an intolerance or allergy to one of these non-medicinal ingredients. If this is the case, ask your doctor for a letter explaining the medical need for you to stay on the brand drug.

Once we receive the letter and if your plan allows it, we'll ensure the plan does not apply generic pricing to your claims for the brand drug. Most plans will cover the full drug cost plus the plan's allowed mark-up, if there is a medical need to stay on the brand drug.

Other costs that may affect your claim

Even with a plan that covers 100% of eligible costs with no deductible, plan members might still be out-of-pocket when submitting a claim for a generic drug.

Pharmacies are private businesses and can vary considerably in what they charge. For example:

- The pharmacy may charge a drug mark-up beyond the maximum allowed under your plan. The excess cost would be paid by you.
- The pharmacy may choose not to stock the lowest cost alternative product. Here, the pharmacy may dispense a more costly drug and charge you for it.
- Other factors may also affect your out-of-pocket costs. For example, your plan may include coinsurance, dispensing fee limits, deductibles, annual or overall plan limits.

What you can do to lower your costs

1. Like any shopping experience, know your prices. Use Pharmacy Compass at pharmacycompass.ca to compare drug prices from pharmacies in your area.
2. You can also use our Preferred Pharmacy Network to take advantage of lower prices on all prescription drugs and save on dispensing fees.
3. Determine what matters to you — cost or convenience. This might mean visiting a pharmacy a bit further from where you normally go and finding a new pharmacist.

More resources to help you

Drug plans can be difficult to understand. Pacific Blue Cross has developed several resources to help you get the most out of your benefit plan.



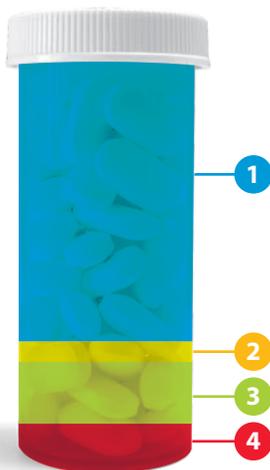
Pharmacy Compass

Not all drug mark-ups and dispensing fees are the same. With pharmacycompass.ca, members can compare prices for prescription pills and tablets to quickly get the rewards of lower prescription drug prices.



Advice Centre

Our Advice Centre answers common questions about drug coverage and other benefits using videos, articles and downloadable PDFs. These resources are available at pac.bluecross.ca/advicecentre.



Understanding drug costs

- 1 **Ingredient cost** — the cost of the drug from the manufacturer (Manufacturer List Price or MLP)
- 2 **Wholesaler mark-up** — distribution allowance for drugs shipped to pharmacies via wholesaler
- 3 **Pharmacy mark-up** — like most retail businesses, the pharmacy often applies a mark-up when they sell the medication
- 4 **Dispensing fee** — in addition to the cost of the drug, the pharmacy charges the customer a dispensing fee when they fill the prescription